

ORIGINAL

NEW APPLICATION



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Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

KRISTEN K. MAYES, Chairman
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PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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NR

G-02527A-10-0391

IN THE MATTER OF THE APPLICATION OF)
GRAHAM COUNTY UTILITIES, INC. FOR)
APPROVAL OF A PURCHASED GAS)
ADJUSTOR SURCREDIT)

DOCKET NO. G-02527A-10-___

APPLICATION FOR NEGATIVE
SURCHARGE

Graham County Utilities ("GCU") hereby respectfully requests that the Arizona

Corporation Commission (the "Commission") approve a new Purchase Gas Adjustor ("PGA") of
a negative surcharge or surcredit of \$0.204 per therm to be effective November 1, 2010 for its
Gas Division. The new PGA surcredit is necessary in order to allow for the refund of the over-
collected PGA bank balance that exists and continues to grow.

I. THE GCU GAS PGA.

The GCU PGA was authorized by the Commission to ameliorate the impact of volatile
natural gas prices on both the customer and the utility. The GCU PGA was most recently
reviewed and a surcredit approved in Decision No. 71286, dated October 7, 2009. In accordance
with this Decision, GCU implemented a \$0.16 per therm surcredit. Decision No. 71286 ordered
that this surcredit stay in effect until GCU's PGA bank balance reaches zero or upon further order
of the Commission, whichever occurs first. GCU requests in this application that current
surcredit of \$0.16 be eliminated and the proposed \$0.204 surcredit be approved. GCU is
currently required by Decision No. 71690, dated May 3, 2010, to file for a surcharge when its

1 bank balance exceeds a positive or negative \$250,000 for three consecutive months.

2 GCU's current PGA rate as of August 2010 was \$0.49480 per therm. Without the
3 requested PGA surcharge, the PGA over-collected bank balance will level out at approximately
4 \$330,000 by September 2010 per according to GCU's calculations that are attached to this
5 application. GCU submits that, given the current over-collected PGA bank balance and lower gas
6 prices, the proposed surcredit is necessary and should be approved. The \$0.15 per therm band
7 limitation imposed on GCU's PGA rate also contributes to this over-collection.
8

9 II. THE NEW PGA SURCHARGE

10 A. Surcredit Rate.

11 The ongoing lower cost of natural gas has resulted in an over-collected PGA bank
12 balance for GCU. The table below shows a significant reduction in GCU's contract prices.
13

14 Contract Period	Percent	Price
15 9/1/2008/ - 8/31/2009	20%	\$ 10.98
16 9/1/2008/ - 8/31/2009	20%	\$ 8.94
17 9/1/2008/ - 8/31/2009	10%	\$ 7.835
18 11/1/2008 – 10/31/2009	20%	\$ 7.40
19 11/1/2009 – 10/31/2010	50%	\$ 5.72
20 11/1/2009 – 10/31/2010	20%	\$ 5.20
21 8/1/2010 – 7/31/2011	30%	\$5.15
22 11/1/2010 – 10/31/2011	40%	\$4.71

1 Consequently GCU realized a considerable surplus in its recovery of the expected average cost
2 of gas purchased during the summer period.

3 **B. Impact of Surcharge on Residential Bills.**

4 Residential customers of GCU typically use an average 62 therms per month during the
5 winter months (November through March) and 17 therms per month during summer months
6 (April through October). Under the proposed surcredit of \$0.204 per therm, residential customers
7 with the average usage listed above will experience decrease of \$12.65 to a winter monthly bill
8 and \$3.47 in a summer bill.

10 **III. CONCLUSION**

11 GCU believes that the negative PGA surcharge requested herein is necessary to refund the
12 over-collection of gas costs in a timely and reasonable manner, before any additional
13 accumulation of an over-collected PGA bank balance will require an even greater negative
14 surcharge and is in the public interest.

16 To the extent it is necessary to extend any time limitations to allow this matter to be heard
17 as soon as possible, GCU stipulates through the filing that those time limitations may be
18 extended.

19 Wherefore, for all the foregoing reasons, GCU requests authorization for a new surcredit
20 of \$0.204 per therm until the bank balance reaches zero to allow for the refund of the over-
21 collected PGA bank balance and that the current surcredit of \$0.16 per therm approved in
22 Decision No. 71286 be eliminated.
23
24
25
26

1 RESPECTFULLY SUBMITTED this 23rd day of September 2010.

2
3
4 By


John Wallace

Grand Canyon State Electric Cooperative Association
170 North 44th Street, Suite 100
Phoenix, AZ 85034

5
6
7 Original and fifteen (13) copies of
8 Graham County Utilities' Application
9 filed this 23rd day of September, 2010 with:

10 DOCKET CONTROL

11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007
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**GRAHAM COUNTY UTILITIES, INC. - GAS
PGA SURCHARGE REDUCTION NEEDED
AUGUST 31, 2010**

0.0027													0.204	
MONTH	COMMODITY	EL PASO FUEL	TRANSPORTATION	INTEREST	TOTAL COST	PURCHASES In THERMS	PER THERM	SALES In THERMS	CUM COST	CUM SALES	COST PER THERM	RECOVERED	PGA BALANCE	
Sep-08	60,940		5,001	78	66,019	77,840	0.84814	90,770	66,019	90,770	0.72732	0.22124	32,417	
Oct-08	82,701		7,261	86	90,048	118,760	0.75624	110,707	156,067	201,477	0.77461	0.22144	32,571	
Nov-08	200,558		14,945	110	215,613	265,360	0.81253	176,756	371,680	378,233	0.98267	0.22744	85,922	
Dec-08	421,599		33,819	211	455,629	539,960	0.84382	336,681	827,309	714,914	1.15721	0.32654	232,781	
Jan-09	405,294		31,747	123	437,164	497,980	0.87787	578,490	1,264,473	1,293,404	0.97763	0.33454	134,784	
Feb-09	278,213		20,258	16	298,487	363,530	0.82108	439,921	1,562,960	1,733,325	0.90171	0.32964	28,455	
Mar-09	185,940		10,697	(17)	196,620	207,930	0.94561	280,428	1,759,580	2,013,753	0.87378	0.33214	(33,676)	
Apr-09	106,701		5,655	(42)	112,314	150,700	0.74528	195,504	1,871,894	2,209,257	0.84730	0.35364	(105,957)	
May-09	68,170		4,896	(51)	73,015	89,070	0.81975	153,855	1,944,909	2,363,112	0.82303	0.27224	(165,688)	
Jun-09	61,455		4,511	(56)	65,910	83,200	0.79219	101,280	2,010,819	2,464,392	0.81595	0.26154	(186,079)	
Jul-09	54,258	653	3,557	(58)	58,411	73,370	0.79611	99,580	2,069,230	2,563,972	0.80704	0.24444	(210,817)	
Aug-09	56,813	697	3,697	(53)	61,153	76,260	0.80191	83,017	2,130,383	2,729,381	0.78054	0.23204	(217,954)	
Sep-09	31,825	525	4,208	(47)	36,511	86,790	0.42068	82,392	2,100,875	2,749,925	0.76398	0.21154	(247,529)	
Oct-09	62,906	1,214	7,304	(49)	71,375	150,590	0.47397	111,314	2,082,202	2,819,782	0.73843	0.21424	(265,740)	
Nov-09	145,050	3,604	13,316	(35)	161,935	274,560	0.58980	180,564	2,028,524	3,007,960	0.67439	0.04564	(218,680)	
Dec-09	287,725	7,081	26,879	(21)	321,664	554,210	0.58040	364,934	1,894,559	2,671,279	0.70923	0.03834	(126,523)	
Jan-10	302,469	9,626	26,330	(25)	338,399	537,560	0.62951	623,532	1,795,794	2,716,321	0.66111	0.01694	(166,920)	
Feb-10	223,858	5,981	19,904	(36)	249,708	406,430	0.61439	497,213	1,747,015	2,773,613	0.62987	0.01224	(216,932)	
Mar-10	164,272	3,965	15,219	(52)	183,403	304,320	0.60267	376,529	1,733,798	2,869,714	0.60417	0.01224	(260,501)	
Apr-10	81,914	1,710	8,090	(84)	91,630	165,170	0.55476	278,254	1,713,114	2,952,464	0.58023	0.01224	(336,603)	
May-10	56,790	1,206	5,641	(131)	63,507	114,750	0.55344	151,103	1,703,606	2,949,712	0.57755	-0.03776	(356,626)	
Jun-10	35,085	1,116	3,262	(142)	39,321	66,610	0.59032	98,168	1,677,018	2,946,600	0.56914	0.55280	(371,572)	
Jul-10	34,068	1,043	3,034	(119)	38,025	61,940	0.61391	96,914	1,656,632	2,860,917	0.57906	0.54210	(386,083)	
Aug-10	41,524	1,182	3,697	(86)	46,317	76,260	0.60736	83,017	1,641,796	2,861,542	0.57375	0.51260	(382,321)	
Sep-10	47,257	1,143	4,208	(83)	52,525	86,790	0.60519	82,392	1,657,810	2,832,620	0.56526	0.49480	(370,564)	
Oct-10	81,996	1,386	7,304	(75)	90,611	150,590	0.60170	111,314	1,677,045	2,763,370	0.60688	55,078	(335,032)	
Nov-10	128,486	3,502	13,316	(61)	145,243	274,560	0.52900	180,564	1,660,354	2,579,000	0.64380	79,845	(269,633)	
Dec-10	264,159	7,324	26,879	(29)	298,333	554,210	0.53830	364,934	1,637,023	2,943,934	0.55607	0.35238	(130,010)	
Jan-11	259,206	7,772	26,330	(21)	293,287	537,560	0.54559	623,532	1,591,910	2,943,934	0.54074	0.33705	(94,553)	
Feb-11	196,013	5,194	19,904	(17)	221,094	406,430	0.54399	497,213	1,563,297	2,943,934	0.53102	0.32733	(76,720)	
Mar-11	146,174	3,889	15,219	(15)	165,267	304,320	0.54307	376,529	1,545,160	2,943,934	0.52486	153,925	(65,379)	
Apr-11	78,935	2,025	8,090	(20)	89,030	165,170	0.53902	278,254	1,542,560	2,943,934	0.52398	113,750	(90,098)	
May-11	54,918	1,425	5,641	(19)	61,965	114,750	0.54000	151,103	1,541,018	2,943,934	0.52346	54,216	(82,349)	
Jun-11	31,987	1,373	3,262	(18)	36,604	66,610	0.54953	98,168	1,538,302	2,943,934	0.52253	35,223	(80,968)	
Jul-11	29,871	1,124	3,034	(18)	34,011	61,940	0.54909	96,914	1,534,287	2,943,934	0.52117	33,736	(80,693)	
Aug-11	35,864	1,019	3,697	(15)	40,565	76,260	0.53193	83,017	1,528,535	2,943,934	0.51922	26,449	(66,577)	
Sep-11	40,961	992	4,208	(10)	46,151	86,790	0.53175	82,392	1,522,161	2,943,934	0.51705	25,802	(46,228)	
Oct-11	71,859	1,694	7,304	-	80,857	150,590	0.53693	111,314	1,512,407	2,943,934	0.51374	34,487	141	
Nov-11	139,449	4,266	13,316	14	157,045	274,560	0.57199	180,564	1,524,209	2,943,934	0.51775	93,497	63,690	
Dec-11	299,329	8,874	26,879	46	335,128	554,210	0.60470	364,934	1,561,004	2,943,934	0.53024	193,516	205,302	

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